

Trend of Housing Costs in Relation to Income

OUTCOME: PROMOTE AFFORDABLE HOME OWNERSHIP OPPORTUNITIES

Figure 27.1

Year	Median Household Income	Annual Percent Change in Median Income	Median Home Price (SF and Condo)	Annual Percent Change in Median Home Price	Average Rent (2 BR/ 1 BA)	Annual Percent Change in Average Rent
1990	\$ 36,200		\$ 140,000		\$ 537	
2000	\$ 53,200	3.9%	\$ 225,000	4.9%	\$ 784	3.9%
2001	\$ 55,900	5.1%	\$ 235,000	4.4%	\$ 826	5.3%
2002	\$ 58,000	3.8%	\$ 249,000	6.0%	\$ 838	1.5%
2003	\$ 59,200	2.1%	\$ 265,000	6.4%	\$ 821	-2.0%
2004	\$ 60,400	2.0%	\$ 289,950	9.4%	\$ 803	-2.3%
2005	\$ 60,700	0.5%	\$ 332,000	14.5%	\$ 810	0.9%

Home Ownership Costs. In 2005, the median-priced home in King County sold for \$332,000, an increase of nearly 15% from the previous year. Since 2000 the median home price has increased nearly 50% while median household income increased only 17%, from \$53,200 in 2000 to \$60,700 in 2005. As the increase in home prices outpaces the rise in incomes, home ownership is becoming less affordable for King County residents.

Home price increases have outpaced income growth since at least 1980, but the trend worsened when recession caused income growth to stall. Responding to a regionwide recession, income averaged only 2.7% annual growth from 2000 to 2005. During the same period however the median home price increased 8.1% per year. The median single family home price increased by an average of 8.5% while the median condominium home price averaged 6.2% annual growth.

Rental Costs. Rents provided more affordable housing to King County residents, averaging 0.7% annual growth from 2000 to 2005. Since 1990, rents have averaged 2.8% annual growth, while income has averaged 3.5% annual growth. With a median rent of \$810 in 2005, a 2 BR/ 1 BA apartment in King County was affordable to a household earning about \$32,500 per year-- or 54% of median household income. As income growth has outpaced rental cost increases, the same apartment would have been affordable to a household earning 59% of median household income in 1990.

Figure 27.2

